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OUTGOING MESSAGE

COMINT CHANNELS

SIGNAL CENTER USE ONLY

AGE	COI	ACP	TOG	TPE	MRO	TRI
SCM	0	0	0	0	0	0

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CLASSIFICATION: CONFIDENTIAL

MESSAGE HANDLING INDICATOR

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CITE

MESSAGE REFERENCE NUMBER

CIA/WHIZ

SOURCE REF:

ROUTING

1		4		7		10	
2		5		8		11	
3		6		9		12	

TO: IMMEDIATE WHITE HOUSE//SITUATION ROOM FOR MR MCMAHIS.

STATE OCI//OPERATIONS CENTER MR FRY. NMCC//ATTENTION

CIA REF. TREASURY DEPT//INFO FOR MR JOHN YEO.

WARNING NOTICE SENSITIVE INTELLIGENCE SOURCES AND METHODS

INVOLVED

ITEM NO: 3 DATE: 2 APRIL 1974

SUBJECT: NETHERLANDS ANTILLES--INCREASED TAXATION OF OIL REFINERS

REF : CURACAO 0383, 0315452 APR 74, CONF

THE GOVERNMENT, IN A SUDDEN, LARGELY UNEXPECTED NATIONALISTIC MOVE, HAS LEVIED AN 8-FOLD TAX INCREASE ON THE COUNTRY'S TWO LARGE OIL REFINERS, SUBSIDIARIES OF EXXON AND SHELL. THE LEVY WILL BOOST THE GOVERNMENT'S OIL TAX TAKE FROM 09 MILLION LAST YEAR TO ABOUT 473 MILLION ANNUALLY IN 1974-75--ABOUT 3[illegible] CENTS PER BARREL.

THE COMPANIES, WHILE NOT YET HAVING TIME TO VOICE THEIR FULL PUBLIC PROTEST, HAVE COMPLAINED THAT THE TAX IMPOSES AN INTOLER-ABLE BURDEN ON THEM AND THAT THEY PROBABLY WILL BE FORCED TO CUR-TAIL PRODUCTION AND EMPLOYMENT. THE TWO REFINERIES ARE THE COUNTRY'S LARGEST PRIVATE EMPLOYERS. THE GOVERNMENT HAS MADE CLEAR

DATE:
ORIG:
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State Dept. declassification & release instructions on file

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THAT IF THE COMPANIES CAN PROVE BY OPENING THEIR BOOKS THAT THEIR PROFITS ARE TOO SMALL TO WARRANT THE TAX, THE SIZE OF THE LEVY WILL BE NEGOTIABLE. GOVERNMENT OFFICIALS HAVE EXPRESSED CONFIDENCE THAT THE COMPANIES WILL BE UNWILLING OR UNABLE TO DO SO. HOWEVER.

THE MOVE COMES AT A TIME WHEN RAPIDLY RISING CENTRAL GOVERNMENT OUTLAYS HAVE LED TO MOUNTING DEFICITS. THE GOVERNMENT CLEARLY IS SEEKING TO MEET ITS BUDGET PROBLEMS BY CLAIMING A SHARE IN THE RECENT INCREASE IN WORLD OIL PRICES. HIGH GOVERNMENT OFFICIALS HAVE ASSURED THE US CONSUL IN CURACAO THAT THE MOVE DOES NOT SIGNAL NATIONALIZATION MEASURES AGAINST THE REFINERIES. SINCE THE REFINERIES CAN PASS ON MUCH THE TAX INCREASE TO US CUSTOMERS, WHO ABSORB ABOUT 70% OF THE 6.6 BILLION BARREL PER DAY OUTPUT, THE NEW LEVY IS NOT LIKELY TO POSE A SERIOUS PROBLEM FOR THEM.

E-2 IMPDET-d

25X1A9a

4 ESPECIAL DISTRIBUTION: W EUR DIV AND WIO [redacted]

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DATE: [redacted]

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